

# ***National Credit Union Administration***



## ***Operating Fund***

***Financial Highlights  
November 30, 2005***

**Dennis Winans  
Chief Financial Officer**

***National Credit Union Administration Operating Fund***  
***Financial Highlights***  
***November 30, 2005***

**Balance Sheet**

Overnight Investments decreased \$5.8 million for payment of operating expenses.

Accounts Receivable increased \$257,000 representing employee relocation advances and other payroll clearing accounts.

Accounts Payable decreased \$2.1 million; partly due to timing differences of vendor invoice receipts and vendor payments.

Accrued Employee Compensation increased \$1.0 million due to the accrual for 13 days at the end of November versus 11 days in the previous month. On the first working day of the month, accruals are reversed.

Other Current Liabilities decreased \$5.2 million as a result of deferred income that will be recognized evenly over the remaining calendar period.

**Statement of Revenue and Expenses**

Net income for the month was \$549,000 lower than planned due to the bulk of expenses being under budget and revenues being higher as a result of earning higher interest rates on overnight investments.

**Statement of Cash Flow**

Cash decreased by \$5.8 million for the month, reflecting payment of operating expenses and minimal revenue collections. As of November 30, operating fees of approximately \$10,250 remain outstanding.

**Budget (Year-to-Date)**

Agency spending was under budget by \$9.7 million or 7.1 percent. Pay, benefits and travel were under budget by 7.3 percent. The remaining variance of \$1.3 million (net) was derived mainly from administrative and contracted services.

**Vacancies**

The agency had 29 vacancies as of November 26 -- down from 36 as of October 29. Of the 29 vacancies, there were 22 vacancies in the central office, 5 vacancies in the regional offices and AMAC, and 2 vacancies in the field staff. The 29 vacancies represent 3.02 percent of total authorized staff of 960.97.

**National Credit Union Administration Operating Fund**  
**Balance Sheets & Changes in Fund Balance**  
**November 30, 2005**

|   | November 2004                 | October 2005                  | November 2005                 |
|---|-------------------------------|-------------------------------|-------------------------------|
| <b>ASSETS</b>                               |                               |                               |                               |
| <b>ASSETS:</b>                              |                               |                               |                               |
| Current Assets                              |                               |                               |                               |
| Cash  | \$5,792.44                    | \$5,224.11                    | \$5,830.88                    |
| Overnight Investments                       | 34,973,000.00                 | 36,972,000.00                 | 31,187,000.00                 |
| Accounts Receivable                         | 442,270.05                    | 377,708.31                    | 634,478.67                    |
| Interest Receivable                         | 0.00                          | 0.00                          | 0.00                          |
| Prepaid Expenses                            | 500,710.68                    | 594,894.37                    | 473,320.43                    |
| Home Purchase Program                       | 634,080.52                    | 281,564.13                    | 281,564.13                    |
| Other                                       | 125,869.06                    | 40.00                         | 0.00                          |
| <i>Total Current Assets</i>                 | <u>36,681,722.75</u>          | <u>38,231,430.92</u>          | <u>32,582,194.11</u>          |
| Property, Plant, and Equipment              |                               |                               |                               |
| Land  | 3,946,263.95                  | 3,946,263.95                  | 3,946,263.95                  |
| Buildings                                   | 28,461,737.00                 | 27,832,237.00                 | 27,759,332.00                 |
| Capital Lease                               | 1,418,810.29                  | 505,844.10                    | 419,618.75                    |
| Equipment                                   | 1,823,144.09                  | 2,620,710.09                  | 2,526,329.09                  |
| Other                                       | 0.00                          | 0.00                          | 0.00                          |
| <i>Total Property, Plant, and Equipment</i> | <u>35,649,955.33</u>          | <u>34,905,055.14</u>          | <u>34,651,543.79</u>          |
| <b>TOTAL ASSETS</b>                         | <u><u>72,331,678.08</u></u>   | <u><u>73,136,486.06</u></u>   | <u><u>67,233,737.90</u></u>   |
| <b>LIABILITIES AND FUND BALANCE</b>         |                               |                               |                               |
| <b>LIABILITIES:</b>                         |                               |                               |                               |
| Current Liabilities                         |                               |                               |                               |
| Accounts Payable                            | 10,578,687.64                 | 4,631,165.25                  | 2,514,878.94                  |
| Accrued Employee Compensation               | 14,949,744.69                 | 15,049,444.20                 | 16,111,778.99                 |
| Other Current Liabilities                   | 5,242,348.02                  | 10,408,981.66                 | 5,214,368.19                  |
| <i>Total Current Liabilities</i>            | <u>30,770,780.35</u>          | <u>30,089,591.11</u>          | <u>23,841,026.12</u>          |
| Non-Current Liabilities                     |                               |                               |                               |
| Notes Payable                               | 25,254,323.68                 | 24,025,130.99                 | 23,913,386.20                 |
| Other                                       | 1,338,638.17                  | 331,818.42                    | 482,601.03                    |
| <i>Total Non-Current Liabilities</i>        | <u>26,592,961.85</u>          | <u>24,356,949.41</u>          | <u>24,395,987.23</u>          |
| <b>TOTAL LIABILITIES</b>                    | <u><u>57,363,742.20</u></u>   | <u><u>54,446,540.52</u></u>   | <u><u>48,237,013.35</u></u>   |
| <b>FUND BALANCE:</b>                        |                               |                               |                               |
| Beginning Balance                           | 17,246,526.20                 | 14,934,623.95                 | 14,934,623.95                 |
| Current Year Earnings                       | (2,278,590.32)                | 3,755,321.59                  | 4,062,100.60                  |
| <b>TOTAL FUND BALANCE</b>                   | <u><u>14,967,935.88</u></u>   | <u><u>18,689,945.54</u></u>   | <u><u>18,996,724.55</u></u>   |
| <b>TOTAL LIABILITIES AND FUND BALANCE</b>   | <u><u>\$72,331,678.08</u></u> | <u><u>\$73,136,486.06</u></u> | <u><u>\$67,233,737.90</u></u> |

**National Credit Union Administration Operating Fund**  
**Statement of Revenue & Expenses**  
**November 30, 2005**

|   | November 2005<br>Monthly<br>Actual | November 2005<br>Monthly<br>Budget | November 2005<br>Year-To-Date<br>Actual | November 2005<br>Year-To-Date<br>Budget | November 2004<br>Year-To-Date<br>Actual |
|---|------------------------------------|------------------------------------|---|---|---|
| <b>REVENUE:</b>   |                                    |                                    |   |   |   |
| Interest Income   | \$125,319.75                       | \$41,666.67                        | \$1,217,109.30                          | \$458,333.33                            | \$527,448.33                            |
| Program-related Income                                  | 5,166,934.10                       | 5,067,500.00                       | 56,818,747.13                           | 55,742,500.00                           | 45,660,235.48                           |
| Other Income  | 8,855.50                           | 12,500.00                          | 137,897.88                              | 137,500.00                              | 78,196.84                               |
| Total Revenue   | <u>5,301,109.35</u>                | <u>5,121,666.67</u>                | <u>58,173,754.31</u>                    | <u>56,338,333.33</u>                    | <u>46,265,880.65</u>                    |
| <b>EXPENSES:</b>  |                                    |                                    |   |   |   |
| Employee Pay  | 3,043,786.69                       | 3,250,771.46                       | 32,888,858.75                           | 35,177,759.27                           | 30,077,157.56                           |
| Employee Benefits                                       | 747,895.91                         | 839,661.52                         | 8,383,491.50                            | 9,090,623.26                            | 7,501,278.88                            |
| Employee Travel   | 441,586.39                         | 459,343.84                         | 4,460,051.34                            | 5,052,781.88                            | 4,067,352.33                            |
| Rent/Communications/Utilities                           | 189,792.97                         | 140,828.49                         | 1,531,066.66                            | 1,549,114.32                            | 1,488,442.81                            |
| Administrative Costs                                    | 335,422.37                         | 376,191.60                         | 4,642,096.38                            | 4,138,106.65                            | 3,467,601.18                            |
| Contracted Services                                     | 235,846.01                         | 296,930.04                         | 2,206,089.08                            | 3,266,229.71                            | 1,942,638.21                            |
| Total Expenses  | <u>4,994,330.34</u>                | <u>5,363,726.95</u>                | <u>54,111,653.71</u>                    | <u>58,274,615.09</u>                    | <u>48,544,470.97</u>                    |
| <b>EXCESS (DEFICIENCY) OF<br/>REVENUE OVER EXPENSES</b> | <u>\$306,779.01</u>                | <u>(\$242,060.28)</u>              | <u>\$4,062,100.60</u>                   | <u>(\$1,936,281.76)</u>                 | <u>(\$2,278,590.32)</u>                 |

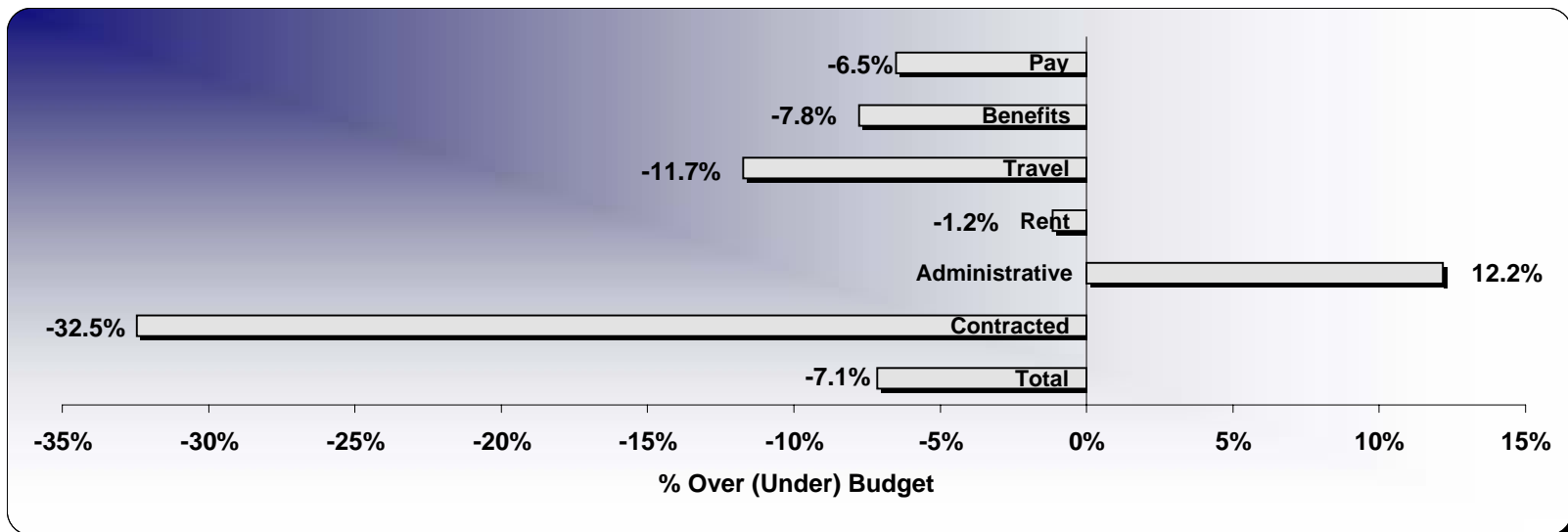
**National Credit Union Administration Operating Fund**  
**Statement of Cash Flow**  
**November 30, 2005**

|  | Month                   | Month                   | Y-T-D                   | Y-T-D                  |
|--|-------------------------|-------------------------|-------------------------|------------------------|
|  | November 2004           | November 2005           | November 2004           | November 2005          |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>   |                         |                         |                         |                        |
| Income from operating fees   | \$5,773.48              | \$2,044.01              | \$59,876,094.95         | \$61,951,243.75        |
| Interest received from cash and cash equivalents   | 68,610.23               | 125,319.75              | 527,448.33              | 1,217,109.30           |
| Other income received  | 13,679.25               | 8,855.50                | 78,196.84               | 137,897.88             |
| (Cash paid for operating expenses)   | (3,426,303.84)          | (5,776,272.23)          | (45,153,456.97)         | (45,703,339.24)        |
| <b>Net cash (used) provided by operating activities:</b>                                 | <b>(3,338,240.88)</b>   | <b>(5,640,052.97)</b>   | <b>15,328,283.15</b>    | <b>17,602,911.69</b>   |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>   |                         |                         |                         |                        |
| Proceeds (purchases) of fixed assets   | (38,116.00)             | (29,237.00)             | (1,334,943.81)          | (1,655,902.89)         |
| (Capital lease payments)   | (2,783.87)              | (3,358.47)              | (1,543,345.90)          | (1,485,810.77)         |
| Proceeds (purchases) home purchase program   | 0.00                    | 0.00                    | (692,487.93)            | (265,977.13)           |
| <b>Net cash (used) in investing activities</b>   | <b>(40,899.87)</b>      | <b>(32,595.47)</b>      | <b>(3,570,777.64)</b>   | <b>(3,407,690.79)</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>   |                         |                         |                         |                        |
| (Repayments) of notes payable  | (111,744.79)            | (111,744.79)            | (1,229,192.69)          | (1,229,192.69)         |
| <b>Net cash (used) in financing activities</b>   | <b>(111,744.79)</b>     | <b>(111,744.79)</b>     | <b>(1,229,192.69)</b>   | <b>(1,229,192.69)</b>  |
| <b>NET INCREASE (DECREASE) IN CASH</b>   | <b>(3,490,885.54)</b>   | <b>(5,784,393.23)</b>   | <b>10,528,312.82</b>    | <b>12,966,028.21</b>   |
| Cash and cash equivalents at beginning of period   | 38,469,677.98           | 36,977,224.11           | 24,450,479.62           | 18,226,802.67          |
| <b>Cash and cash equivalents at end of period</b>  | <b>\$34,978,792.44</b>  | <b>\$31,192,830.88</b>  | <b>\$34,978,792.44</b>  | <b>\$31,192,830.88</b> |
| <b>RECONCILIATION OF NET INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>        |                         |                         |                         |                        |
| <b>Net income (loss)</b>   | <b>(\$8,362,164.74)</b> | <b>\$306,779.01</b>     | <b>(\$2,278,590.32)</b> | <b>\$4,062,100.60</b>  |
| <b>Adjustments to reconcile net income to net cash provided by operating activities:</b> |                         |                         |                         |                        |
| Depreciation and amortization  | 171,581.00              | 282,748.35              | 1,847,231.53            | 3,030,986.79           |
| Unrealized (gain) loss   | 0.00                    | 0.00                    | 0.00                    | 87,640.02              |
| (Gain) loss on disposal of fixed assets  | 0.00                    | 0.00                    | 22,531.00               | 1,839.00               |
| (Gain) loss on disposal of homes   | 0.00                    | 0.00                    | 58,407.41               | 14,871.14              |
| Interest expense on leases   | 4,843.92                | 555.00                  | 78,055.69               | 20,219.79              |
| Miscellaneous allowances   | (2,060.05)              | 0.00                    | 232,303.53              | 102.69                 |
| <b>Change in current assets and liabilities</b>  |                         |                         |                         |                        |
| (Increase) decrease in assets:   |                         |                         |                         |                        |
| SIF repayment of Operating Fund for leases   | 0.00                    | 0.00                    | 423,494.12              | 423,494.12             |
| Accounts receivable  | 50,813.14               | (256,770.36)            | 1,998,889.15            | 193,083.38             |
| Interest receivable  | 0.00                    | 0.00                    | 583.97                  | 0.00                   |
| Prepaid expenses   | (2,481.45)              | 121,573.94              | (233,493.00)            | 114,686.67             |
| Other assets   | (125,869.06)            | 40.00                   | (125,869.06)            | 0.00                   |
| Increase (decrease) in liabilities:  |                         |                         |                         |                        |
| Accounts payable   | 8,830,691.92            | (2,116,286.31)          | 8,126,987.30            | 196,299.47             |
| Accrued employee compensation  | 924,202.42              | 1,062,334.79            | (769,851.73)            | 4,150,991.75           |
| Other non current liabilities  | 84,504.56               | 153,586.08              | 572,046.59              | 153,586.08             |
| Other current liabilities  | (4,912,302.54)          | (5,194,613.47)          | 5,375,556.97            | 5,153,010.19           |
| <b>Total adjustments</b>   | <b>5,023,923.86</b>     | <b>(5,946,831.98)</b>   | <b>17,606,873.47</b>    | <b>13,540,811.09</b>   |
| <b>Net cash (used) provided by operating activities</b>                                  | <b>(\$3,338,240.88)</b> | <b>(\$5,640,052.97)</b> | <b>\$15,328,283.15</b>  | <b>\$17,602,911.69</b> |

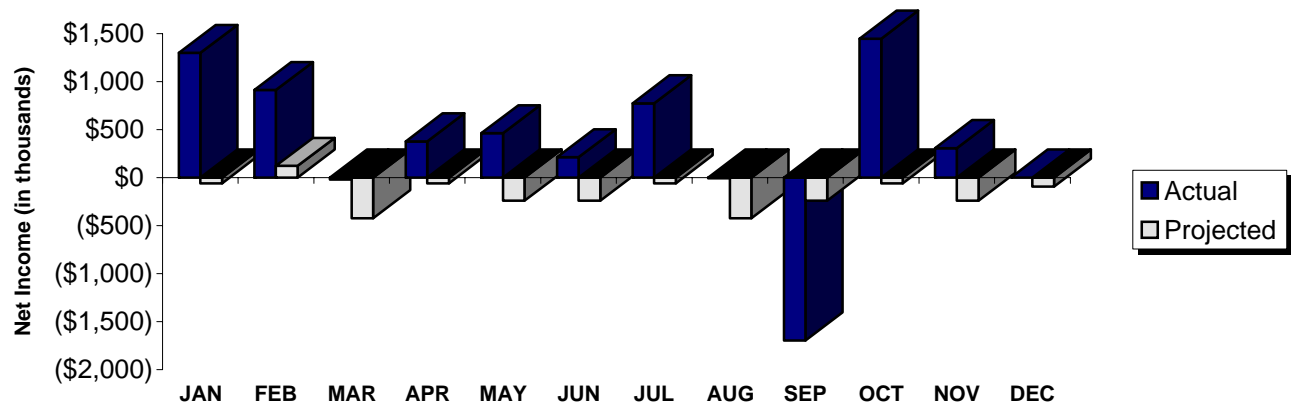
**National Credit Union Administration Operating Fund**  
**(Before Overhead Transfer)**  
**Year-To-Date Budget Report Analysis**  
**November 30, 2005**

|  | 2005        |             |             |        | 2004        |             |              |        |
|--|-------------|-------------|-------------|--------|-------------|-------------|--------------|--------|
|  | BUDGET      | ACTUAL      | DIFFERENCE  | % DIFF | BUDGET      | ACTUAL      | DIFFERENCE   | % DIFF |
| <b>Employee Pay</b>                              | 81,808,743  | 76,485,718  | (5,323,025) | -6.5%  | 80,755,833  | 74,818,800  | (5,937,033)  | -7.4%  |
| <b>Benefits</b>                                  | 21,140,984  | 19,496,492  | (1,644,492) | -7.8%  | 20,651,916  | 18,659,898  | (1,992,018)  | -9.6%  |
| <b>Travel</b>                                    | 11,750,655  | 10,372,212  | (1,378,443) | -11.7% | 12,367,827  | 10,117,792  | (2,250,036)  | -18.2% |
| <b>Rent, Communications,<br/>&amp; Utilities</b> | 3,602,592   | 3,560,620   | (41,971)    | -1.2%  | 4,074,916   | 3,702,594   | (372,322)    | -9.1%  |
| <b>Administrative</b>                            | 9,623,504   | 10,795,573  | 1,172,069   | 12.2%  | 11,600,830  | 8,625,874   | (2,974,957)  | -25.6% |
| <b>Contracted Services</b>                       | 7,595,883   | 5,130,440   | (2,465,443) | -32.5% | 7,501,312   | 4,832,433   | (2,668,879)  | -35.6% |
| <b>TOTAL</b>                                     | 135,522,361 | 125,841,055 | (9,681,305) | -7.1%  | 136,952,635 | 120,757,390 | (16,195,245) | -11.8% |

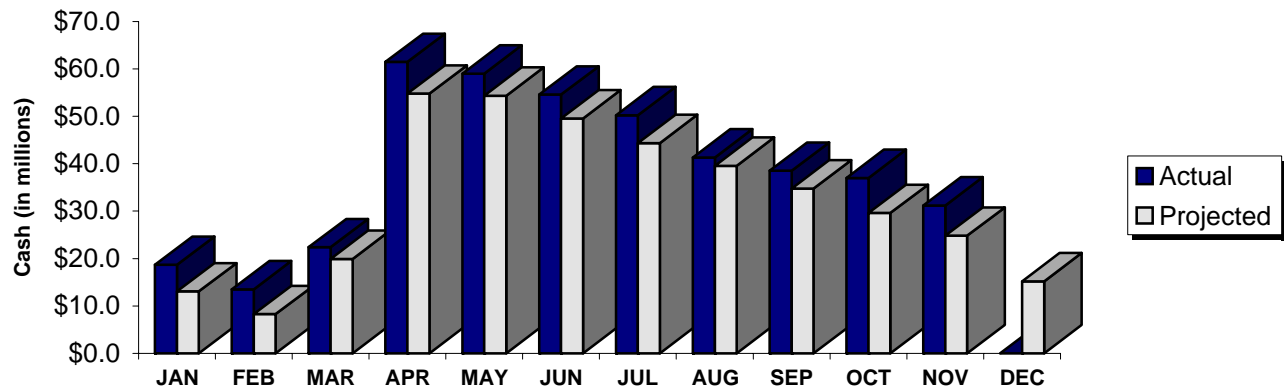
**Percent Over (Under) Budget**  
**November 30, 2005**



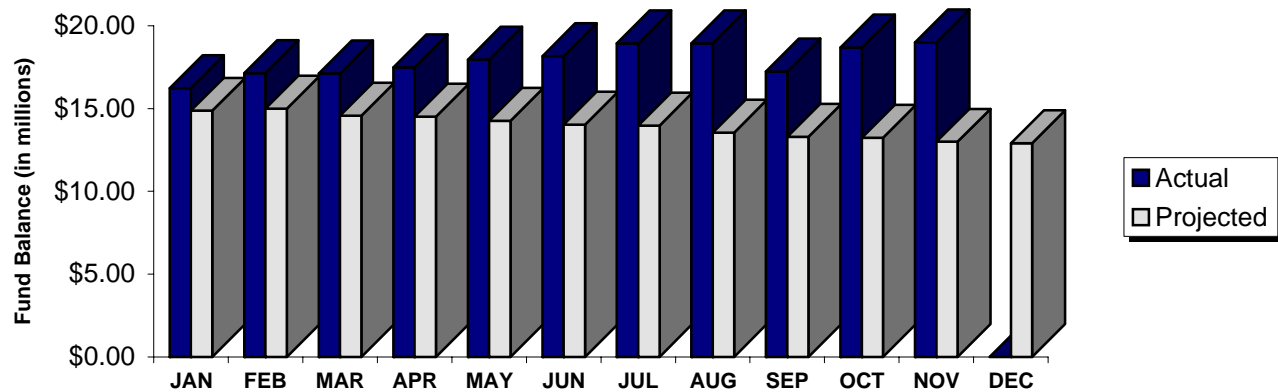
### Actual & Projected Net Income (2005)



### Actual & Projected Cash Balance (2005)



### Actual & Projected Fund Balance (2005)



***National Credit Union Administration Operating Fund***  
***Ratios***  
***November 30, 2005***

| <b>BALANCE SHEET</b>   | <b>November 2004</b> | <b>November 2005</b> |
|--|----------------------|----------------------|
| <u>Liquid assets / Total assets</u>                                  | 48.36%               | 46.39%               |
| <u>Current assets / Total assets</u>                                 | 50.71%               | 48.46%               |
| <u>Fixed assets / Total assets</u>                                   | 49.29%               | 51.54%               |
| <u>Current liabilities / Total assets</u>                            | 42.54%               | 35.46%               |
| <u>Non current liabilities / Total assets</u>                        | 36.77%               | 36.29%               |
| <u>Retained Earnings / Total assets</u>                              | 20.69%               | 28.25%               |
| <b>STATEMENT OF REVENUE &amp; EXPENSE</b>                            |                      |                      |
| <u>YTD Interest &amp; other income / Total revenue</u>               | 1.31%                | 2.33%                |
| <u>YTD Program related income / Total revenue</u>                    | 98.69%               | 97.67%               |
| <u>YTD Expenses / Total revenue</u>                                  | 104.92%              | 93.02%               |
| <u>YTD Net income / Total revenue</u>                                | -4.92%               | 6.98%                |
| <b>CASH</b>  |                      |                      |
| <u>Net year to date cash inflow (outflow) in millions of dollars</u> | \$10.5               | \$13.0               |
| <u>Cash end of month - Cash beginning of year / Cash BOY</u>         | 43.1%                | 71.1%                |
| <u>Cash and cash equivalents / Total assets</u>                      | 48.4%                | 46.4%                |